

Procurement & Spend Management

# Insider

**SPRING 2018**

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**THIS LATEST EDITION OF THE PROCUREMENT AND SPEND MANAGEMENT INSIDER REPORTS STRONGER MARKET CONDITIONS, INCREASED DEMAND FOR CERTAIN KEY SKILL SETS AND CONSIDERS SOME OPPORTUNITIES FOR THE EVOLUTION OF THE PROCUREMENT PROFESSION.**



## **“NOT ALL PROFESSIONAL MARKETS IN THE UK ARE ENJOYING POSITIVE MARKET CONDITIONS”**

### **INTRODUCTION**

Our previous edition of this report published in October 2017 painted a mixed picture of recruitment market conditions for procurement and spend management in Europe. In particular, the UK was in a period of political and economic transition.

Whilst such conditions still remain in many respects with the rate of UK GDP growth slowing at a time when others are accelerating, this latest edition of the Procurement and Spend Management Insider reports stronger market conditions, increased demand for certain key skill sets and considers some opportunities for the evolution of the procurement profession.

Not all professional markets in the UK are enjoying positive market conditions, but with a number of global economic indicators available to encourage those of an optimistic outlook, it's pleasing for us to report increased activity in our core markets since the last report.

#### **GDP Growth 2017**


Germany	2.5%
Benelux	2.4%
United States	2.3%
France	2.0%
United Kingdom	1.8%

Source: <https://tradingeconomics.com>

#### **In this report we offer:**

- A commentary on the developments in each of our core markets supported by our observations on the trends.
- The impact on the evolution of the procurement skill set.
- The opportunities for procurement to move on further from a savings dominated focus and the skills required to do so.
- Contributions from senior industry professionals on these subjects.

**IN TERMS OF CONSULTING,  
IMPLEMENTATION AND CUSTOMER  
SUCCESS, THERE HAS BEEN SOME  
SENIOR LEVEL RESTRUCTURING  
REWARDING A NUMBER OF HIGH  
PERFORMERS WITH BIGGER ROLES.**



## ***“THERE HAVE ALSO BEEN SIGNIFICANT CHANGES IN OWNERSHIP IN THE SECTOR”***

### **ALL CHANGE AT SOME OF THE LEADING PLAYERS AND WHAT’S HAPPENED RECENTLY**

#### **LEADERSHIP CHANGE AT SAP ARIBA EMEA**

The headline news in the sector is that Paul Devlin, EMEA General Manager of SAP Ariba left the business just before Easter. Devlin is a highly respected leader with a strong sales background and great passion for working closely with his customers. He was a key part of the growth of Ariba in Europe since the SAP acquisition and will be a significant loss to the business.

His move to Edenhouse keeps him firmly in the SAP Ecosystem and it will be interesting to see if they enter the Ariba market under his influence to supplement their strengths in SAP and specifically Success Factors.

However, the business has moved to restructure the sales function under new global leader Pat McCarthy who is highly regarded, particularly in the US. McCarthy reports into the President Barry Padgett who took over after Alex Atberger’s move to SAP Hybris at the end of 2017.

The excellent commercial team assembled by Devlin is part of his legacy to the business, and in former Emptoris stalwart Justin Sadler-Smith, the business has a very experienced leader in the UK. His background will make him the ideal person to leverage the huge potential of their partnership with IBM on cognitive procurement.

Dean Pathak continues to lead Northern Europe with Patrick Hyati leading the southern half of the continent. Both have impressive teams including a newly appointed Sales Director in France.

In terms of consulting, implementation and customer success, there has been some senior level restructuring rewarding a number of high performers with bigger roles.

In summary, SAP Ariba looks as well set to attract and retain both enterprise and midmarket customers as ever despite the departure of Devlin.

#### **SHARES RISE AS COUPA HITS PROFITABILITY**

There’s also a positive outlook at Coupa where they have reported a first quarterly profit and a healthy share price which is bucking trends in US markets weighed down by a potential trade war.

Diginomica reported that “Coupa announced a strong end to their

fiscal 2018 as the spend management firm turned in its first non-GAAP quarterly profit of \$884,000, on revenues up 41% year-on-year to \$53.8 million. Subscription revenues were 46.6 million, up 38% year-over-year and comprised 87% of total revenue.”

CEO Rob Bernshteyn commented: “From a financial perspective, just three short years ago, over 75% of our new subscription revenues came from our core procurement applications. But today, that figure is less than 50%, with more and more coming from expense management, invoice management, supplier information management, and a host of other key offerings.”

Coupa lost an established, well respected European leader in Alex Kleiner last year. Their European Marketing Director Carina Hoogeveen also left, following Alex to Apptus. Both have since left Apptus with Carina joining Icertis, the cloud based contract management business who have been hiring aggressively in the UK in past six months.

In our last report we covered the news that long time European GM Gerard Dahan had left Ivalua to join Determine last September. Ivalua moved to replace him with Franck Lehereux joining from JDA Software early in 2018.

#### **ACQUISITIONS & MERGERS**

There have also been significant changes in ownership in the sector, most notably Jaggaer’s acquisition of BravoSolution and what was effectively a reverse takeover of Perfect Commerce by Proactis.

It’s still relatively early days for both newly formed organisations. There were a number of departures at BravoSolution in the US shortly after the deal was announced but the European businesses are largely untouched so far in terms of headcount. Given Jaggaer’s relatively small presence in Europe prior to the deal, this seems sensible.

It will be interesting to observe if there is any further restructuring, redundancies or senior hires, and of course how they intend to align the various technology offerings now available in both newly merged companies.

More recently Advanced Solutions acquired Science Warehouse for £16m as part of their ambitions to grow its portfolio of cloud based solutions. Science Warehouse has an established client base which is at its strongest in the UK public sector including the NHS and various universities.

**THIS OFFERS REAL EVIDENCE OF  
A BIG INVESTMENT FROM Ariba  
AIMED AT THEIR HARD WON CLIENTS  
GETTING THE VERY BEST FROM  
THE SOLUTIONS. EXPECT THEIR  
COMPETITORS TO FOLLOW SUIT.**





## OUR ANALYSIS ON THE IMPACT ON RECRUITMENT TRENDS AND WHAT WE EXPECT TO SEE IN 2018

This has been a period of significant change in the sector with these acquisitions and changes in leadership, but the push for more customers driven by increasingly powerful software continues. That is resulting in some significant hiring activity.

At their recent event, Ivalua Now, the business demonstrated developments in their solution including a move into direct spend that will see them compete directly with Ariba. They have also made a number of hires in sales and delivery roles in recent months in the UK and France in particular and the market expectation is for this to continue.

Speaking at that event, a director of one high profile consultancy told the audience that: "90% of implementations in procurement are now cloud based and in many cases are on the back of finance transformations."

The leading consultancies are still competing hard for the big procurement cloud implementation projects as evidenced by their presence as sponsors and exhibitors at the Ivalua Now event and the likes of SAP Ariba Live and Coupa Inspire.

They appear to be enjoying fertile market conditions for their transformation consultancy, although we believe they face a major challenge identifying the people they need to execute these projects given the limited experience of major cloud implementations available in the UK market.

There has already been some aggressive hiring from SAP Ariba in Q1 with particular emphasis on attracting some excellent people into consulting, implementation, customer success and value realisation roles. This offers real evidence of a big investment from Ariba aimed at their hard won clients getting the very best from the solutions. Expect their competitors to follow suit.

We anticipate a small amount of hiring in the newly merged organisations mentioned above as they assess existing resources, restructure the newly formed organisations, align their respective technology and develop their go to market strategy over the course of 2018.

Further acquisitions and mergers in the sector are likely given the information we receive through our network. The consolidation is offering great career opportunities for some, and uncertainty for others.

An interesting area where we are seeing an increase in demand for classic cloud solutions skill sets (sales, account management, implementation and customer success) is from emerging and relatively new entrants into the market. These are from varying backgrounds, most notably in Spend Analytics and Contract Discovery.

Typically smaller organisations, these companies offer what they consider to be individual best of breed solutions to the broader capabilities of established players. We've already mentioned that Icertis has significantly increased headcount in the UK in the past six months and this is part of a wider trend in Contract Discovery and Management with businesses like Seal and AnyData Solutions experiencing strong demand for their services.

Such companies with strong niche offerings in this sector have historically been acquired once they reach critical mass on people and customers, so no doubt some of the larger platform providers are watching these companies carefully.

At the moment they are stimulating demand for the aforementioned skills on the back of increasing sales of their solutions. All of this increased hiring is exacerbating the skills shortage in the sector as the size of the talent pool struggles to keep pace with the growth of the technology market overall.

It's interesting to observe the relative sizes of some of the key players in this market based on headcount. At the time of publication, here are the approximate headcount numbers in Europe with some breakdown by country:

	Ariba	Coupa	Ivalua	Proactis	Jaggaer	Basware
Europe	581	194	128	124	394	954
UK	61	54	10	96	65	92
France	62	16	104	11	78	18
Germany	36	28	1	5	18	51
Benelux	36	6	2	8	7	90

Source: LinkedIn

We will monitor these figures in future reports as one measure of growth.

Companies prioritising their talent attraction strategies and being creative with their approach to recruitment are gaining a clear competitive advantage, and will continue to do so at the expense of those who don't adapt to these market conditions.

This is a message we have made clear through our reports in the past. It is only growing stronger over time as more and more organisations become active customers to the procurement solutions sectors. Our knowledge and experience in the sector is proving to be of great value to our customers who face the aforementioned challenges.

There is more information to follow on the market for procurement technology skills in end user organisations in the corporate procurement section of this report.

**AS REPORTED PREVIOUSLY PROCUREMENT OUTSOURCING APPEARS TO HAVE HAD ITS DAY, AT LEAST IN THE PRIVATE SECTOR WHERE A NUMBER OF ORGANISATIONS HAVE NOT RENEWED DEALS AND WHILST SOME STILL OUTSOURCE TRANSACTIONAL WORK, FEW NOW SEE THIS AS A STRATEGIC OPTION.**



***“MANY ALSO REPORT THAT CLIENTS CURRENTLY VIEW BREXIT AS AN INCONVENIENCE AND NOT A MAJOR HURDLE. ”***

## PROCUREMENT CONSULTING

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Consulting was generally positive overall in the final part of 2017 with many surveys of the broader sector having a positive outlook with some individual firms being positively bullish about 2018. This has continued into the first quarter of the year and whilst we aren't seeing huge new wins many are doing good business.

As reported previously procurement outsourcing appears to have had its day, at least in the private sector where a number of organisations have not renewed deals and whilst some still outsource transactional work, few now see this as a strategic option. In the Public Sector there still seems to be good business and a number of ongoing contracts are still in place. It will be interesting to see how this changes in the future.

Most consultancies are not overly concerned about Brexit and do not expect projects to diminish or for clients to tighten their belts. In fact, most expect that whatever the final deal, there will be changes of some kind which will drive business opportunities with both existing and new clients.

Most do not yet know what opportunities will transpire as they will most likely be across a range of services from short term help to possibly major restructuring, dependent on the sector and the impact created. Many also report that clients currently view Brexit as an inconvenience and not a major hurdle.

Another major trend through the year has been that clients are increasingly looking to get greater value from their existing suppliers and their broader supply chain. Many more projects are now linked to bringing fresh energy to SRM and ongoing contract management. In fact many are helping clients to build a strategic SRM capability to ensure they maximise value and particularly where there are large outsourced contracts in place (often in IS).

Often ongoing contract management has been ignored by procurement teams too busy to manage the relationships day to day with often significant impact on the commercial value realised. Hence the demand for projects of this nature and of people with this skill set has risen.

Cost is increasingly becoming a driver in selecting procurement consultancies and many clients are paying increasing attention to what is delivered and by who. One recent example quoted was that one of the big four lost a contract due to the costs proposed - particularly where they were utilising junior staff. The potential client was not prepared to commit to this level of cost on an on-going basis. A smaller consultancy was able to do the same work for about half the price and so were appointed instead.

### GDPR IMPACT

GDPR is providing work for a number of consultancies whether large or small. A number of consultancy contacts have mentioned that they have significant work on short term projects linked to GDPR (not just within procurement).

Clients struggling to meet a number of commitments are needing advice ranging from contractual amendments through to auditing their existing contracts or suppliers and working with them to ensure the necessary policies and processes are in place.

Consultancies seem to be simply putting existing staff in these projects seeing it as just another type of project. However, the consequence is that many are not happy and it is particularly causing issues with many junior staff who are not enjoying the nature of the work and are beginning to look to move on more quickly than they usually would.

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**ALL OUR SENIOR LEVEL ROLES THIS YEAR HAVE HAD SIGNIFICANT CHALLENGES AROUND RE-ENGAGING A DISENGAGED STAKEHOLDER COMMUNITY WHO HAVE THEIR OWN KEY PRIORITIES WHERE TYPICALLY PROCUREMENT ISN'T OF INTEREST TO THEM AT ALL UNLESS THEY ARE ABOUT TO BUY.**



## ***“THIS IS IMPACTING ON RECRUITMENT AND AT SENIOR LEVELS THE SKILLS REQUIREMENT IS CHANGING SIGNIFICANTLY.”***

### **CORPORATE PROCUREMENT**

#### **PROCUREMENT LEADERSHIP**

We have seen a significant rise in the number of senior roles in Q4 2017 and Q1 2018 ranging from Procurement and Commercial Director positions to Supply Chain Directors and 'Heads of' roles. These roles have been across the UK. The sector where we have seen most of this work has been engineering and specialised manufacturing organisations and some in the FS sector also.

The core requirement, whilst still often involving change and transformation, is a specific focus needed on actual delivery. A common theme has been an emphasis on getting the 'day job done'. Maybe this is the current economic uncertainty but one CFO told us: "Procurement needs to stop transforming and get on and deliver." Too much change maybe?

A key focus for Procurement Leaders right now is around value and assurance. Brexit could mean one of two extremes - 'no change and business as usual' or 'a very different economic landscape'. Until the changes driven by Brexit are clear leaders need to plan for both possible outcomes.

Procurement needs to show what the art of the possible is and take an intellectual lead where it can. Leaders need to develop a procurement strategy that anticipates and enables the business strategy while also protecting it from supply chain risks in an increasingly uncertain and more highly regulated environment.

Risk and assurance is becoming increasingly important, whether contractual and pricing risk in the supply chain or reputational and brand risk in areas such as CSR. Procurement has a critical role in areas like modern slavery, criminal finance and GDPR. This is not cost saving but 'value' that is difficult to measure.

If we take ethical sourcing / modern slavery as an example, is just having a catch all contractual clause (which in effect passes the buck to suppliers) going to protect a brand name? Many senior people will admit off record that they do not have the time or the resources to monitor or enforce penalties (if they have any).

Business leaders need to have a plan to back the policy - i.e. what are the consequences and how does the organisation deal with a supplier failure in this area? Is there an audit plan in place? How will they collect the data to ensure compliance?

This is impacting on recruitment and at senior levels the skills requirement is changing significantly. Can this individual deliver what we have in place and ensure the broader value in terms of risk and assurance?

The people making the biggest impact and securing the best roles right now are those who can create a message and a compelling case about this 'value' to the business and how it is quantified both subjectively and objectively.

The other key need is communication and frankly persistence in getting stakeholders to fall in line. Reading between the lines most organisations still have major issues with compliance to major agreements. All our senior level roles this year have had significant challenges around re-engaging a disengaged stakeholder community who have their own key priorities where typically procurement isn't of interest to them at all unless they are about to buy.

#### **DIRECTS V INDIRECTS?**

We are also seeing a switch in focus. Over the last few years many organisations were focused on indirects and services as major opportunities for savings. However, many have now moved past the quick win stage.

Increasingly the senior roles we have seen have a significant direct or supply chain bias and the role focus is to improve efficiency and reduce costs based on better analysis of data. This is seen as critical going forward.

As noted elsewhere in this report understanding data is critical - supply chain analytics can now give insights that were not previously available and to help to predict disruptive events or major changes in consumer behaviour. Few seem to really know how to maximise their data.

**ONE AREA THAT HAS STARTED TO BUCK THIS TREND AND MAY LEAD TO GROWTH IN IN-HOUSE PROCUREMENT TECHNOLOGY ROLES IS SPEND ANALYTICS.**



## **“WE ARE SEEING MORE EVIDENCE OF DEDICATED ROLES IN THIS AREA ”**

### **CORPORATE PROCUREMENT CONT...**

#### **SAVINGS SUSTAINABILITY?**

Increasingly leaders are being challenged over the sustainability of the work their teams do. Many cost reduction programs fail to meet expectations, often due to poor planning, management and execution which involves the business more broadly. Leaders must ensure that any program considers all the levers across demand, source, fulfil and manage using an approach where ownership and accountability for achieving savings are aligned with the business.

This issue is a major factor in many leaders being under the spotlight and some losing their jobs.

#### **KEY SKILL SETS AND KNOWLEDGE**

- In the last quarter we have found that clients are looking for some specific skills sets and experiences even at senior levels:
- Ongoing SRM - ensuring value from an existing supply base (and getting supply right)
- Outsourcing - extracting full performance and value
- IS / IT - increasingly requiring expertise of this area
- Hands on - someone who can roll their sleeves up

Overall the recruitment market has seen a significant rise in demand as reported by the Office for National Statistics with 56,000 more jobs advertised December 17 to February 18 than the same period a year ago (source: [ONS Vacancies](#)).

This is having an impact with good candidates in short supply at all levels and we have seen a number of candidates move to the organisation that moved quickest. A number of companies that have quite lengthy recruitment processes have lost out.

#### **IN-HOUSE PROCUREMENT TECHNOLOGY**

Our observation is that most organisations continue to largely rely on the software providers or their partner consultancies to achieve their objectives with technology. Specialist in house implementation and best practice roles, whether they be on an interim or full time basis, remain relatively rare.

Those companies that are adopting solutions effectively are preferring to train existing staff rather than hire specialists, so the anticipated growth in in-house technology orientated roles has yet to materialise.

One area that has started to buck this trend and may lead to growth in in-house procurement technology roles is Spend Analytics.

We are seeing more evidence of dedicated roles in this area having worked some interesting projects ourselves and heard about others that have been advertised or made through internal appointments.

A typical example would be that of an organisation already using one or more elements of a broad platform, for example, S2C, P2P, contract management etc. and therefore capturing plenty of potentially valuable data but not using it effectively.

By appointing a specialist to review the existing landscape, assess the available data and formulate a strategy to implement an effective Spend Analytics strategy, procurement leaders are starting to realise the value available in the data.

In making these appointments we are considering people from both the procurement profession and from much broader data science backgrounds depending on the preferences of the hiring managers.

However, we are still at the stage where we have more conversations with leaders who are planning in this area than those who are able to instruct us to start the hiring process.

We'll make some further comments on this subject later in the report.

## THE FUTURE OF PROCUREMENT

At the recent eWorld event a number of the presentations attended by our team made reference to the issue of the procurement profession fighting to move on from the savings dominated agenda to make a meaningful contribution in the other areas that procurement leaders covet. This has long been a discussion topic at many procurement events.

Regular readers of this report will know that Edbury Daley is passionate about working with clients who are committed to recruitment best practice. Our clearly stated philosophy is:

***We recruit for companies that need the best talent in procurement technology and spend management, companies that take their recruitment seriously and invest in finding the right people.***

However, if we look at our own experience of when procurement departments formally drive the selection process for recruitment suppliers, a high percentage of tender processes are still completely tactical in their orientation. We believe many were poorly thought out and were clearly savings focused to the exclusion of any real opportunity to add value.

There is a lot of talk about talent attraction as a priority in all the CPO surveys from the leading consultancies, but the reality is often different. This contrasts with our positive experience of working with technology companies offering procurement solutions.

Vendor management is also typically poor. Recruitment processes are often lacking agility and are rarely designed around talent attraction. The golden rules defined from our research are consistently broken by many major organisations. The reality is that it's all about the savings for most companies.

So in this section we consider three of the opportunities that exist for procurement to prove its value beyond cost savings and the skills required to do it.

They are:

1. Brexit
2. Procurement CSR
3. Technology & The Procurement Skill Set

### BREXIT

At the recent eWorld event Andrew Daley chaired a discussion workshop entitled "Preparing for Brexit - Changing demands, skills and supply chains."

The session was fully subscribed with delegates from a wide variety of sectors. We expected a lively discussion about Brexit contingency planning across the audience. What we actually found was that most delegates worked for organisations who had done little or no planning, and were attending to find out what everyone else was doing. Their reasoning was perhaps best summarised by this:

"We are taking our lead from politicians so we're not sure what to plan for. We are likely to get a transition period, so we'll deal with it then."

Thankfully there were some interesting contributions from those that have engaged in some meaningful contingency planning.

Labour mobility was the area that had received the most attention so far in this particular audience. One delegate from the biotechnology sector mentioned that 70% of his organisation's labour are EU nationals. They are understandably concerned about this. His organisation is exploring what that will mean for their ability to manufacture and distribute post-Brexit.



**“WE ARE TAKING OUR LEAD FROM POLITICIANS SO WE’RE NOT SURE WHAT TO PLAN FOR. WE ARE LIKELY TO GET A TRANSITION PERIOD, SO WE’LL DEAL WITH IT THEN.”**

He also talked about EU funding post 2020 - that’s their other big concern as well as losing top scientific talent to EU member states. But not that there’s much the procurement and supply chain can do about that.

Another delegate from the FMCG sector made reference to a high percentage of semi-skilled EU labour in their operations being a major concern for them. A delegate from a major financial services company talked about them working to engage EU employees to promote greater loyalty in key parts of their customer services operation.

The most comprehensive planning had been done by the aforementioned FMCG company and we were fortunate to have their procurement leader in the audience. He offered the following insights into their planning.

They had analysed the various different potential post-Brexit scenarios, weighing and ranking the options in terms of the likelihood. The options ranged from a Uturn seeing the UK stay in the EU, through to a hard, no deal Brexit where we crash out onto WTO regulations. They have ranked a free trade agreement after a transition period as the most likely option giving it a 50% likelihood. Their worst case scenario was a diamond hard Brexit which they ranked at 10% likelihood. It is that particular potential outcome that has been driving much of their contingency planning.

Interestingly the procurement leader in question has been attending a number of supply chain conferences to research and assess the approach by companies facing similar challenges. He concluded that those with goods coming in from the EU to be sold in the UK are doing the most planning. One notable FMCG company supply chain leader had confided in him that their planning for a hard Brexit included moving their operations out of the UK.

A common view from others went something like “it’s not

a problem, we’ll just hold more stock,” but it was pointed out that if you haven’t done any planning how are you going to find that situation in 2019/20. The problem with waiting for the transition period is that you’ll be at the back of the queue for things like extra storage space and it will undoubtedly cost more given rising demand.

This is an opinion backed by commentary in recent articles in the CIPS magazine Supply Management which focuses on the likelihood of suppliers raising prices in response to the [crippling cost of Brexit](#). One survey said that 32% of firms have already increased prices whilst another survey shows that 41% of respondents plan to increase their prices “to offset the potential costs of Brexit.”

In another article entitled [Analysis and preparation key to tackling Brexit](#) Supply Management observes that Mark Chadwick, director of business services for consultants Fusion 21 said: “Although uncertainty caused by Brexit had made it harder for teams to control costs, early stage analysis would help businesses prepare for any circumstances.”

He is quoted as saying: “Putting a lot of effort now into understanding the wider environment your suppliers are working in and what’s affecting them and what pressures they are facing will best prepare you for what you might be asked in the future.”

“We found that if you don’t do that analysis and preparation you’re often going to find that you’re on the back foot and that you’re really starting to react to situations as they emerge rather than being proactive and trying to manage those situations.”

There is a different view of course. At eWorld Andrew Daley asked one experienced procurement practitioner in the audience, who has an established consulting business,

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what his clients were doing to prepare. He offered the view that many aren't sure what they are planning for so why devote resources to it? For some, they view the transition period as an opportunity to make the necessary changes and many view the whole scenario as "Y2K again" as he put it.

It was fascinating to hear the views of people working for companies taking a view at either end of the spectrum on this subject and it's something we'll continue to monitor through conversations across our network and by attending industry events.

Our view is that Brexit offers a unique, once in a generation change which is likely to have huge impacts on international supply chains. It therefore offers both procurement and supply chain professionals an opportunity to have real influence in areas that go beyond savings. Why not take that opportunity to move procurement and supply chain up the boardroom agenda?

We also asked the audience at eWorld if procurement professionals need to develop any new skills to deal with these changes, but we struggled to generate any meaningful contributions on the subject.

We have been asking ourselves at what point in time will we start to see roles that focus on Brexit contingency planning.

If or when it does happen what skills will they require? The approach of our FMCG leader mentioned above is perhaps the most interesting example so far that of modelling the various scenarios, allocating resources accordingly and then researching and preparing to act. It should also be noted that this particular leader is attending as many professional events as he can to learn as much as possible from his peers and then passing this learning onto his team. Is it

time to get yourself to the next procurement or supply chain professional conference?

Here's some further opinions on our session from [Nancy Clinton of Spend Matters](#) and [Ellen Leith at P2P Network](#).

### PROCUREMENT CSR - CAN PROCUREMENT BE A FORCE FOR GOOD?

Our team attended a very interesting presentation by Peter Smith from Spend Matters at eWorld in which he asked how procurement can be a force for good? Reflecting on his career in the profession, Peter talked about various areas where procurement can influence decisions beyond cost savings that have a much broader impact on organisations.

One of the opportunities he talked about for procurement to have real influence is in Corporate Social Responsibility (CSR) which is of course a vital area for many retailers and manufacturers. Our Head of Research, Sharmina August, also attended a very informative presentation by Andy Davies of the London Universities Purchasing Consortium, in which he stressed that procurement and supply chain professionals really can have a positive influence on people's lives if they take the opportunities that are open to them. We asked him for his thoughts for this report. He told us:

"Procurement and supply chain professionals have the opportunity to help millions of people who are trapped in conditions that threaten their human rights.

**“PROCUREMENT AND SUPPLY CHAIN PROFESSIONALS  
HAVE THE OPPORTUNITY TO HELP MILLIONS OF PEOPLE WHO ARE  
TRAPPED IN CONDITIONS THAT THREATEN THEIR HUMAN RIGHTS.”**

“Technology allows for far greater transparency in supply chains than ever before, and ignorance of slavery is no longer a valid excuse. It’s not about cancelling contracts with suppliers who have poor employment practices, but working with them to manage the risks, improve conditions and lift workers out of slavery. Truly, procurement can and should be a force for good.”

The issue of child labour and modern slavery is actually much bigger than many of us realise. There are currently thought to be 21 million people in forced labour around the world right now. That’s double the number of people taken from Africa to be enslaved between 1698 and 1900. There are no official numbers for how many people are victims of modern slavery in the UK, but the National Crime Agency believes the number to be in the tens of thousands.

The introduction of the Modern Slavery Act in 2015 resulted in all companies turning over £36M+ in the UK producing Modern Slavery Statements. However it is fair to say that the extent of action in these statements varies significantly: at one end of the scale you have the likes of the John Lewis Group, spending thousands of pounds per product ensuring the supply chain is ethically sourced, and at the other you have the many companies who have a paragraph explaining that they’re asking their suppliers to make sure everything is above board.

Adidas is another organisation that has taken huge steps to eradicate forced labour from its supply chain by focusing on both its Tier One and Two suppliers. They have been consistently ranked as an industry leader by [KnowTheChain](#), a valuable resource for companies and investors to understand and address forced labour risks within their global supply chains.

The role of procurement is no longer just about cost cutting,

it is now about value in every sense of the word. Cynically, it can add greatly to a company’s image and manage its risk, but on a deeper level it can make a huge difference to the lives of some of the world’s most disadvantaged people.

Peter Smith told us: “There are many ways procurement can contribute to these agendas – which of course can also benefit our own organisations as well as the wider world. Modern Slavery has rightly had a lot of focus recently – but whether it is issues of provenance in buying raw materials, the use of plastics, or global warming, what happens in our supply chains is critical and procurement can therefore have a real influence and be that force for good in many different ways.”

The future procurement practitioner will need to be able to combine their company’s procurement needs with their CSR requirements. Supply chain technology is making this an easier undertaking, and as there are few specialists in this area, it is definitely an area in which existing practitioners need to evolve to meet demand.

We asked Justin Sadler-Smith of SAP Ariba: “How can technology contribute to procurement being a force for good?” He told us:

“Procurement can harness the power of sourcing and purchasing technology to ensure that when they do assess and select suppliers, they do so against clear CSR requirements. For example, if they have access to a Supplier Network, this job is made easier both in terms of time and selection.

“The more buying organisations that access the network with these requirements then create a huge surge in demand for compliant suppliers to provide transparency in their supply chains and ensure they are taking adequate steps to stop slavery, child labour, exploitation etc.

## THE FUTURE OF PROCUREMENT CONT...

“This then really shows the value Procurement can deliver... not only mitigating risk in your business, but also positively impacting the world.”

Another example of where procurement and supply chain technology can have a positive impact is the environment. Christophe Hinfray, Vice President at TK Blue Agency, which helps companies measure and reduce their environmental footprint while reducing their cost, told us:

“Recent progress in Big Data and real time device tracking systems allow Supply Chain Managers to better track the situation worldwide, pilot complex activities and optimise performance as never before. Cost reduction is only one of the benefits, together with improved customer service and, last but not least, reduced pollution and CO2 emissions.”

Of course, senior roles in CSR exist in a lot of big organisations but we don't see many examples of procurement departments employing specialists in this field. Is it time for more investment in this area?

### TECHNOLOGY & THE PROCUREMENT SKILL SET

It's clear that we believe that the increased use of technology by procurement and supply chain presents real opportunities for the function to advance in many different ways.

Based on what we hear from our attendance at various events and through the conversations we have all the time with the procurement leaders in our network, the obvious area of advancement is in the use of technology and particularly the power of the data. So is this the area that can unlock the opportunity for procurement departments to move beyond a savings dominated agenda? Will it make their contribution more important strategically, increasing efficiency and releasing resources in the process?

We recently observed a respected leading procurement consultant saying words to the effect that future procurement teams will need to develop new skills as transactional tasks become increasingly automated due to innovation. He ventured that analytical roles will grow in importance as will the need to track the impact of the solutions otherwise “how will we demonstrate the value of the investment in the software?”

Some more thoughts from Justin Sadler-Smith of SAP Ariba on the subject of how the latest generation procurement technology/software can help facilitate the evolution of the procurement function from a savings obsessed agenda to a broader contribution for mid-market and enterprise organisations.

“Savings is the day job and still the focus for most procurement professionals. However, the actual savings reported are regularly challenged in term of P&L impact and, taken in isolation, can undermine the significant value a procurement professional can deliver.

“Technology exists today to provide a single source of truth with supplier engagement across the Procurement Lifecycle. This is either through single platform or via best of breed... the preference being the former to avoid costly and time consuming additional integration.

“It still amazes me that some organisations have still to be persuaded on the value of Cloud. This opens up so much possibility, particular with big data and transparency. Done with the right applications, this data becomes actionable information available across the organisation to make informed decisions. This is where the procurement function can shine and deliver far in excess of questionable cost savings.

***“WHAT IS CLEAR IS THAT THE PROCUREMENT SKILL SET IS GOING TO EVOLVE FURTHER ON THE BACK OF ADVANCEMENTS IN TECHNOLOGY.”***

“For example, by allowing the transactional areas to be automated, Procurement professionals can now be targeted to strategic initiatives i.e. supplier risk mitigation and innovation.

“Those organisations who have taken this step with utilising the latest technology have a clear competitive advantage and Procurement has a seat at the table rather than under it.”

We’ve done a lot of research on this and we believe the future of procurement is doubtless going to be shaped by data, but this means more than simply digitizing invoices. Gathering data from sources such as Aggregator, Northern Lights and SupplierIQ can allow you to build strong models when combined with your own data, but less obvious choices can have a huge impact on the efficacy of your overall forecasting too. A good example of this is at IBM - they acquired The Weather company in order to make use of the massive amount of data they have and use it to inform clients about possible risks in the supply chain long before they become an actual issue.

Utilising data in this fashion doesn’t mean replacing the whole procurement department with data scientists; at IBM they’re evolving their current procurement practitioners into consultants by making them more aware of data. The future procurement consultant may well be a hybrid data scientist and procurement professional, and with few people in the industry with this specialism, they will be in high demand.

The new generation of Chief Data Officers or Chief Digital Officers as some organisations are branding them are all about how they use the data, not just the digitising of it. Tools like Watson Analytics are going to be a big part of this and procurement needs to embrace them.

Of course procurement practitioners will still need relationship building and influencing skills as has been the case for many years, but something like AI can be hugely helpful by improving efficiency in areas like the development category management strategies.

What is clear is that the procurement skill set is going to evolve further on the back of advancements in technology. There is an opportunity to use this to change the perception at board level and procurement leaders will need to decide on a strategy of how to achieve this. They will need to hire and/or train these new skills whilst maintaining a strong sense of the core skills like stakeholder engagement and strategic sourcing.

As mentioned earlier in this report, we are starting to see an increase in specialist roles dedicated to the use of data in procurement departments. It’s still a relatively rare skill set and one we would encourage ambitious procurement professionals to embrace with an eye on their professional development.

We are working with [The Data Science Foundation](#) to promote procurement as an attractive career choice, particularly for their growing graduate membership. We expect our clients to benefit from this association in future as we seek out the best talent in the profession.



# edburydaley

Edbury Daley places outstanding professionals in to a wide range of businesses in the key areas of procurement, supply chain, consultancy and spend management technology.

Our people, our knowledge and our networks are outstanding and we are constantly challenging our clients and ourselves to recruit more effectively. We know our market and we are passionate about sharing that knowledge.

Our reputation is founded on providing consistency, professionalism and honesty in every single assignment, regardless of size. Our procurement recruitment knowledge is unrivalled and we will continue to set industry standards. Edbury Daley is the recruitment company that others aspire to.

## Specifically, our client engagement incorporates the following:

- Evaluate client procurement vacancy requirements in relation to the prevailing market conditions.
- Offer market leading advice on how to improve recruitment success rate and reduce associated hiring timescale.
- Work with clients to create a compelling proposition to candidates for their procurement and supply chain vacancies.
- Empower our clients with highly accurate market intelligence including the latest salary data in procurement, consulting and spend management.
- Utilise an international network of procurement professionals to creatively source the best candidates.

More info at [www.edburydaley.com](http://www.edburydaley.com)

## ABOUT THE AUTHORS



**ANDREW DALEY**

Andrew is one of two founding Directors and the leader of the procurement practice for Edbury Daley, a niche recruitment consultancy formed in 2005.

His core strength is mid to senior level procurement appointments with emphasis on key skills like strategic sourcing, procurement transformation and stakeholder engagement.

He has over eighteen years experience of recruiting procurement professionals across the private sector.

In 2010 he began to develop a specialist SRM practice, and has since had increasing success in the growing Procurement Services sector which includes consultancies specialising in

procurement led transformation programmes and the deployment of spend management and data analytics tools.

He regularly publishes commentary on the employment market conditions for the procurement profession including the highly regarded quarterly procurement market update, some research studies and other articles on issues affecting the profession.

Andrew's career in Executive Recruitment started when he joined The PSD Group in 1995.

In 1998 he was asked to take responsibility for launching the new Purchasing & Supply Chain division and has specialised in procurement ever since. He can list some

of the leading professionals in the sector amongst his regular customers and is particularly well networked across the consultancy field.

He left PSD to launch a new Purchasing & Supply division for Ajilon in 2002 as Head of Practice but left in December 2004 to start the Edbury Daley business with co-Director Simon Edbury.

Andrew was educated at William Hulme's Grammar School in Manchester before graduating from the University of Sheffield with an honours degree in Economics in 1993. Outside of work he is a devoted father to his two daughters.



**SIMON EDBURY**

A graduate of London University, Simon has been in the recruitment industry since 1996 when he joined PSD. After six years, he joined Ajilon Executive to start a new executive recruitment team in the North West. Here he broadened his industry contacts and knowledge by working with a greater variety of clients on

senior recruitment projects. After great success within corporate recruiters, January 2005 saw Simon and Andrew establish Edbury Daley which has provided a specialist and dedicated senior level recruitment service to an ever increasing client list. Simon is renowned for his professional, reliable, direct

approach to both clients and candidates. His no nonsense approach combined with deep industry knowledge has earned him an outstanding reputation. Outside of work he enjoys family life, playing golf and following the NFL.



**PETER BROPHY**

Peter is Associate Director at Edbury Daley and specialises in procurement following five years leading recruitment at procurement outsourcer Proxima.

He has more than eighteen years' recruitment experience spanning a number of sectors including aerospace engineering, manufacturing, professional services and corporate functions such as HR, finance and procurement. As a result he has an extensive network of contacts

and a strong track record in mid to senior level appointments, most recently in procurement.

He began his recruitment career in MRI / Humana, a niche executive search specialist, in 1996.

In 2000 he moved in-house to head-hunt a new management team for Manpower, and then led a complete transformation of the recruitment process at Rolls-Royce plc, working closely with Procurement to restructure the recruitment supply chain. He

then joined BDO Stoy Hayward to head up its Resourcing team, before moving to Proxima in 2009. Peter is a Fellow of the Chartered Institute of Personnel and Development and has a Master's degree in Human Resource Management, as well as a degree in Geography. Outside of work he has two sons, is a long-suffering Newcastle United supporter and is a keen walker.



**Sharmina August**

Sharmina graduated from the Manchester Metropolitan University with a BSc in Sociology with Quantitative Methods, before pursuing an MSc in Applied Quantitative Methods. Such was her success, she was subsequently asked to join the MMU staff as an Associate Lecturer for the

2016-2017 Academic Year.

Sharmina has an extensive experience of work at both junior and senior levels which has given her a profound understanding of precisely what clients are looking for in prospective candidates, both on a personal and a professional level. This, combined

with her knowledge of data analysis and research processes has enabled her to bring a fresh perspective to the company's already formidable industry capacities. Outside of the workplace, Sharmina enjoys science fiction and films.



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APRIL 2018  
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